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January 24, 2008

Hon. Richard M. Berman
Judge, United States District Court
Southern District of New York
500 Pearl Street
New York, New York 10007

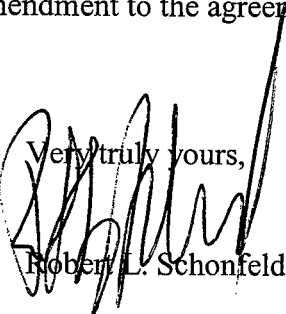
RE: Foundling Hospital, Inc. v. Riverbay Corporation
07 CV 2846 (RMB)(THK)

Dear Judge Berman:

This letter is written with the consent of both parties with regard to our scheduled Court appearance for January 28th.

The Riverbay Board of Directors has voted to accept the proposed settlement of this action conditioned on the proposed amendment of the agreement between Riverbay and the New York State Office of Mental Retardation and Developmental Disabilities (OMRDD). OMRDD is circulating the amendment to the agreement to the other six agencies with residences at Co-op City for their signature. Several of the agencies have signed off (including Foundling Hospital), but we are still waiting for some of the agencies to sign off.

There are no other impediments to settlement once the other agencies sign off, and we expect the agencies will sign off. Consequently, both parties respectfully request an adjournment of the January 28th conference on the anticipation that this action will be resolved expeditiously when the other agencies sign off on the amendment to the agreement between OMRDD and Riverbay.

Very truly yours,

Robert L. Schonfeld

Cc: Gerald Kahn, Esq.
Robert Mascali, Esq.